



# **Building on our success and leading the charge:**

## **FiSCA's plans in 2008 to change perception through proactive promotion**

BY GERALD GOLDMAN, ESQ.

Our industry has always taken great pride in the service we provide our customers. They understand and appreciate the value they receive from their neighborhood Financial Service Center (FSC). Unfortunately, the outstanding reputation we enjoy among our customers is too often lost on our other key audiences. We need to continue to enhance our efforts to get our message across. 2007 was a year of major steps. We made reputation enhancement a core element of two of the association's major programs: the Annual Conference and our presentation before the FDIC.



The theme of the 2007 Annual National Conference & Exposition was *FISCA at 20: The Industry Advocate. Changing Perceptions and Creating Competitive Advantages*. The Perception theme was a significant focus throughout the Conference program. The first General Session featured financial services industry experts sharing their viewpoints on the current and future competitive environment in the context of the industry's overall perception and reputation in the marketplace. This included a discussion on the *Levers of Change*; best practices in five key areas that attendees could follow to improve their overall reputation. The highlighted areas were store appearance, product positioning, community involvement, education and media relations. Other sessions held during the three-day event provided a wealth of opportunities for attendees to gain a new perspective on the state of the industry in their region and within their particular business type, bringing the Perception outlook closer to home. The keynote address was delivered by Dr. Roland Fryer, a Harvard economist and collaborator on the bestseller *Freakonomics*, who is currently researching economic incentives to low-income school children to improve academic performance. Dr. Fryer brought relevant personal and professional viewpoints of our industry to his talk; he understood our business model completely, having grown up in the neighborhoods we serve, as well as our perception battle, as his work brings him under similar hostile fire from all sides.

This year's conference, scheduled for October 18th – 20th at the Mandalay Bay hotel in Las Vegas, NV, will feature the theme of *Economic Inclusion: Consumer Empowerment* throughout the General Session presentations and workshops. We will focus on pioneering efforts in achieving economic inclusion – ours as well as those of others – and explore the benefits these can bring to our businesses in the perception arena and other areas as well.

Economic inclusion is at the heart of what we have dubbed our "FDIC Initiative." This initiative gives us a platform from which we can educate regulators and other public policy officials about who we are, who we serve and the vital role we play in the country's financial system. The project started last spring and will continue and expand this year. Featured prominently within are our Consumer Empowerment efforts, which offer invaluable positive perception opportunities for industry while providing additional services to our customers. These are efforts that publicly demonstrate what our customers already know – that we care about them.

#### THE FDIC INITIATIVE - HOW WE GOT HERE

In November of 2006, FDIC Chairman Sheila Bair established the Committee on Economic Inclusion (comE-IN). Its mission is to: "provide the FDIC with advice and recommendations on important initiatives focused on expanding access to banking services by underserved populations. This may include reviewing basic retail



financial services such as check cashing, money orders, remittances, stored value cards, short-term loans, savings accounts, and other services that promote asset accumulation by individuals and financial stability." Chairman Bair populated the Committee with consumer advocates, bankers, academics, community groups, regulators and former regulators. At first blush, one might think that the financial service center industry in general, and FISCA in particular, would have been ideal participants in such a mission. After all, who knows more about so-called "underserved" consumers? Unfortunately, the FDIC did not see it that way.

FISCA contacted Chairman Bair when comE-IN was first announced. Letters from then FISCA Chairman Dachis repeatedly urged

her to include our association as a member of the Advisory Committee. However, our requests were not honored. We were told we would be kept up-to-date on the Committee's activities but nothing more was offered to us.

We refused to give up. If we were not going to be given a "seat at the table" of this Committee at the very least we wanted the opportunity to speak before it and state our case; to share with its members our knowledge of the marketplace and provide them with invaluable information they would need to help formulate intelligent public policy recommendations.

Finally, Chairman Bair extended such an invitation to us to speak at the comE-IN meeting in October, 2007 on the topic *Money Services Businesses – Access to the Banking System*.

In preparation for this FISCA staff and the MWW Group created a powerful and comprehensive document for the Committee members, which detailed the financial service center industry; history, business model, customers and their activity with us, and more. (This document can be obtained at [www.fisca.org](http://www.fisca.org) or through the FISCA office.)

In its introduction this document established the FISCA position and message. "FISCA is in agreement with the FDIC and the Advisory Committee on the need for "economic inclusion". Where the industry and millions of FSC customers depart from the conventional wisdom of those who make policy is the policy makers' focus on the predisposition that the best mechanism for economic inclusion is through direct relationships with banks. FSCs do

not believe that low- and moderate-income consumers are "economically excluded" or "financially illiterate" simply because they choose to satisfy their financial needs with providers other than banks. In fact, the success of FSCs bears out almost three decades of research by the Federal Reserve System which shows that millions of low- and moderate-income consumers have little or no interest in direct banking relationships.

It is FISCA's goal that the Advisory Committee will come to better understand the FSC industry and will recognize that integrating the

*continued on page 20*

industry into a comprehensive national plan for "economic inclusion" is a better alternative than attempting to force consumers into a "one-size-fits-all" strategy."

On October 24, 2007, FiSCA representatives Chairman Joe Coleman and Patricia Cirillo, PhD, of Cypress Research Group, appeared before the Committee. Coleman started by providing an overview of the size of the industry: 13,000 FSCs nationwide serving an estimated 30 million consumers and conducting 350 million transactions annually with an estimated value of \$106 billion. He then discussed the differences between the bank and FSC business models and why the financial service center option was, in fact, the preferred means of conducting financial transactions for millions of Americans. He also provided an overview of FiSCA's Consumer Empowerment Program (discussed in detail below) while also addressing the misperceptions surrounding compliance and bank discontinuance issues.

Dr. Cirillo then provided the Committee with a statistical overview of the FSC industry, its customers and their overall satisfaction with the industry. She outlined the demographic characteristics of our customers,

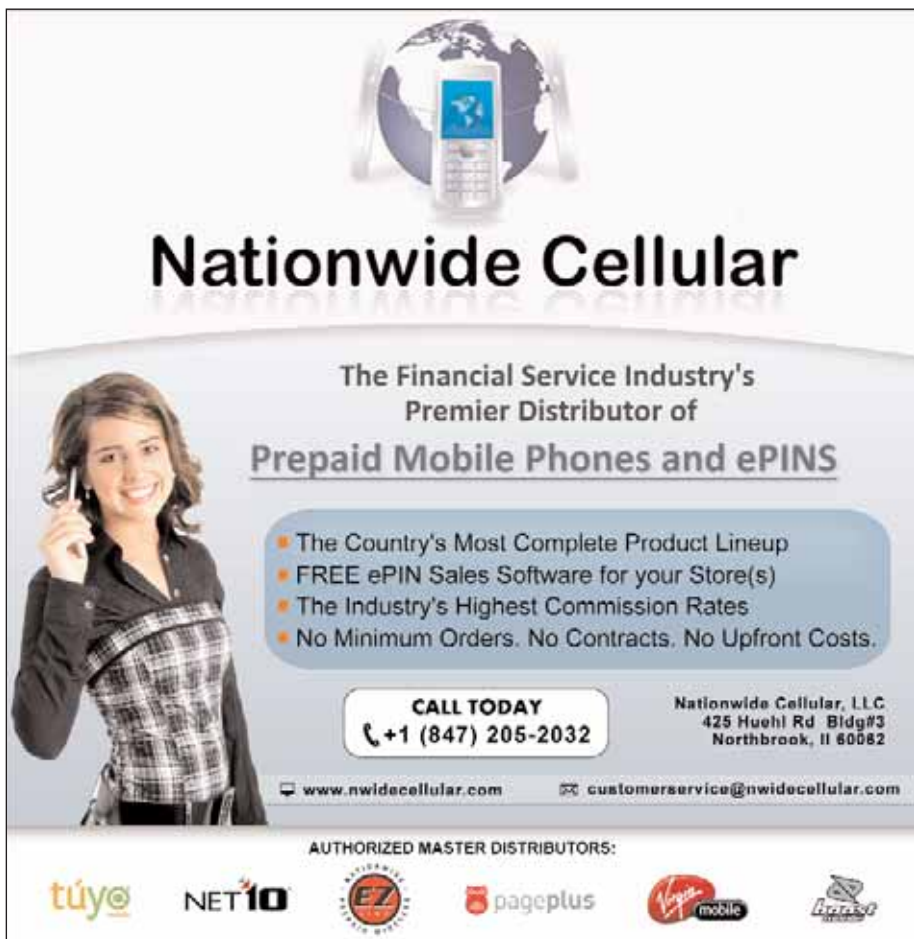
including racial and employment backgrounds and their use of traditional financial institutions as well as FSCs. She also outlined the unique needs of these consumers and their high satisfaction with the neighborhood Financial Service Centers they frequent. For example, her research found that 95% of customers rate the service they receive at FSCs as either "good," "very good," or "excellent."

Following this overview, Chairman Coleman offered the Committee ten specific proposals to enhance overall financial services to low- and moderate-income consumers. These included:

1. To include the financial service center industry, represented by FiSCA, as an equal partner on the Advisory Committee, as a first step toward a productive dialogue addressing services to low- and moderate-income consumers
2. To encourage the use of the financial service center network as a ready-made delivery channel to reach low- and moderate-income consumers
3. To provide banks with the direction, incentive and motivation to make banking services available to Financial Service Centers
4. To actively support the bank discontinuance bill when it is introduced and to otherwise work to end bank discontinuance
5. To dispel the myths about the compliance burdens and risks posed by MSBs and replace them with the facts
6. To expand access to credit by endorsing and encouraging, by all available means, the use by banks of alternative credit scores such as those developed by PRBC
7. To promote and encourage the expansion of savings programs such as the FiSCA/NetSpend National Savings Program, in order to encourage low- and moderate-income consumers to take advantage of these savings opportunities
8. To promote and encourage the expansion of partnerships and alliances between banks, credit unions and Financial Service Centers
9. To promote, encourage and support financial education programs that reflect demonstrated needs and preferences and are designed for low- and moderate-income consumers who use Financial Service Centers
10. To form a "Small Loan Task Force" comprised of regulators, consumer advocates and providers from within the financial service center industry in order to foster constructive dialogue about the best ways to ensure the availability of short-term small-dollar, loans and other forms of credit, while still ensuring that consumers have protections from lending abuses.

The FiSCA speakers were followed by the other MSB panelists: Paul Dwyer, co-founder and CEO of Viamerica Corporation and Thomas Haider, Senior Vice President of Government Affairs and Compliance office for MoneyGram International, Inc.

For those who could not attend this public meeting in person or via telephone to witness the Committee's reaction, the FDIC's own minutes are illuminating, as these excerpts show. "Committee members were universally complimentary of the usefulness of the information in the meeting presentations... Several committee members remarked that segments of the MSB market appear to be very efficient and that more partnerships should be established with banks to deliver a variety of financial services and products, including financial education, to low income consumers. Finally, Ms. Kelsey (FDIC General Counsel) and Robert W. Mooney,



**Nationwide Cellular**

The Financial Service Industry's  
Premier Distributor of  
**Prepaid Mobile Phones and ePINS**

- The Country's Most Complete Product Lineup
- FREE ePIN Sales Software for your Store(s)
- The Industry's Highest Commission Rates
- No Minimum Orders. No Contracts. No Upfront Costs.

**CALL TODAY**  
☎ +1 (847) 205-2032

Nationwide Cellular, LLC  
425 Huehl Rd. Bldg#3  
Northbrook, IL 60062

www.nwcellular.com    customerservice@nwcellular.com

AUTHORIZED MASTER DISTRIBUTORS:

túyo    NET10    EZ    pageplus    Virgin mobile    Sprint



Senior Advisor to the FDIC Chairman for Consumer Protection, discussed the FDIC exploring with the other bank regulatory agencies the possibility of community development credit under the Community Reinvestment Act (CRA) for bank relationships with MSBs that provide reasonably-priced services in low income communities, and Mr. Orozco (Manuel Orozco, Senior Associate and Senior Researcher, Inter-American Dialogue & Georgetown University)

of audience was apparent and signaled that this event must mark the beginning of our advocacy program; certainly not its end.

#### CAPITALIZING ON THE FDIC PRESENTATION

Our presentation before the FDIC formed the groundwork for an aggressive advocacy program for 2008 that includes many elements. Our October 24 2007 meeting opened up a dialogue with the FDIC

## SEVERAL COMMITTEE MEMBERS REMARKED THAT SEGMENTS OF THE MSB MARKET APPEAR TO BE VERY EFFICIENT AND THAT MORE PARTNERSHIPS SHOULD BE ESTABLISHED WITH BANKS TO DELIVER A VARIETY OF FINANCIAL SERVICES AND PRODUCTS, INCLUDING FINANCIAL EDUCATION, TO LOW INCOME CONSUMERS

suggested the agencies also explore CRA credit for banks that market savings instruments through MSBs. Ms. Kelsey closed the meeting by noting that the benefits and profitability of banks, check cashers, and money transmitters working together are enormous and that meetings such as the current one, where: "all of the interested parties can meet each other and discuss the issues, constitute the beginning of an important process."

The FiSCA presentation clearly provided critical information to comE-IN members. The need for this type of education to this type

that has since continued. On January 23 2008, FiSCA Chairman Coleman, Director Jay Shipowitz and staff members Gerry Goldman, Ed D'Alessio and Bill Sellery met face-to-face with Chairman Bair and her staff to exchange ideas and thoughts about areas of mutual concern in the provision of financial services to low- to middle-income consumers. Topics included Committee activities in which FiSCA could serve as a resource and FiSCA outreach efforts in which comE-IN could serve as a resource. The meeting concluded

*continued on page 22*

### **Bullet Proof Transaction Window Set in Ballistic Capture Aluminum Frame Starting At Only \$999.00**

- \* 2ft W X 3ft H UL-752 Level 1 Polycarbonate
- \* Ballistic Lined Counter Top
- \* Built-In Transaction Tray
- \* Bolt Together Design For Larger Openings
- \* Natural Sound Transmission
- \* Abrasion Resistant Coating

#### **Easy Installation**

**In Stock & Ready To Ship Today  
Other Sizes & Products Available**

**1-888-521-8666**

**Protective Structures, LTD**

*Specializing in Bullet Proof Transaction Systems*

**[www.protectivestructures.com](http://www.protectivestructures.com)**

Copyright 2007 Protective Structures, LTD

### **Another happy customer!**

And with Tellermetrix, she could be yours.

Experience counts. Which is why we're proud our TellerMetrix team of business and system experts boasts decades of experience serving the check cashing, payday lending and banking industries. But what really matters is the "simply brilliant" way we apply our experience to keep you and *your customers* happy.

**TellerMetrix**

A POS Windows System  
of Unequaled Quality

See Our Other Ads  
In this Issue  
877.224.3257  
[www.tellermetrix.com](http://www.tellermetrix.com)



©2008 TellerMetrix, Inc. All rights reserved. TellerMetrix and e-Shop are registered trademarks and e-Shop and e-Connect are trademarks of TellerMetrix, Inc. © 2008

# Can't Find a Bank willing to deposit your checks?

~~~~~  
**UNBANKABLE?  
WE CAN BANK  
YOU!!!**  
~~~~~

- **Check 21 Services**
- **Depository Services**  
(Through FDIC Insured Accounts)
- **Check Verification**
- **Secure Cash Delivery  
And pickup.**

Call us today:

**TranZonix**  
**(734) 244-9002**

"The Check Cashers Banking  
Alternative."

**www.TranZonix.com**

*Building on our Success, continued from page 21*

with an agreement to keep the dialogue ongoing.

In that vein, we are pursuing related opportunities. For example, we are currently following up with those individual members of the Advisory Committee who expressed an interest in our industry and in particular the innovations we continue to bring to it. We look forward to our meetings and discussions with them and providing them with an even greater understanding of the FSC business model and the fee-based consumers who choose it. We hope that this dialogue with Committee members will enable them to formulate informed and relevant policy recommendations as their work moves forward.

#### **ALLIANCE FOR ECONOMIC INCLUSION**

In addition to our direct outreach to the Committee, we are also expanding our efforts with its regional affiliations. The Alliance for Economic Inclusion (AEI) is the FDIC's national initiative to establish broad-based coalitions of financial institutions, community-based organizations and other partners in eight markets across the country. Its stated goal is to bring all unbanked and underserved populations into the financial

mainstream. As with comE-IN, AEI's focus is on expanding basic retail financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels and other asset-building programs. The program has regional offices in Atlanta, Boston, Chicago, Dallas, Kansas City, Memphis, New York and San Francisco. These regional initiatives have regular meetings many of which are open to the public. Our goal is to have local FISCA representatives attend and/or speak at as many of these events as possible to spread our industry's "inclusion" message and to identify potential local partners for pilot programs we can devise and present later to any and all interested parties.

#### **OTHER GOVERNMENT RELATIONS PRIORITIES**

The FDIC is not the sole focus of our outreach efforts. This year, we are modifying the presentation delivered to comE-IN and using that to reach others who have significant impact on our industry's ability to successfully compete in the marketplace. We will be delivering our presentation to other

## **CUSTOM DESIGN / COMPETITIVE PRICING 24 X 7 SERVICE / LICENSED AND BONDED**



### **CITYLIGHT BULLET PROOF, INC.**

*Serving the country coast-to-coast*

800-399-8242 (OFFICE) 661-295-8272 (FAX)

**WWW.CITYLIGHTBULLETPROOF.COM**

*You can rely on our production  
knowledge, quality of materials,  
installation skills and hands on  
management to get the job done right.*

**TRUST YOUR NEXT JOB TO THE EXPERTS!**



federal regulators who have jurisdiction over different aspects of our industry and will be sharing it with dozens of key members of Congress during our annual Hill Blitz which takes place every spring in Washington.

The document created for the initial comE-IN meeting has become in essence, a "bible" for the industry, and serves as a template for these and other future efforts. In addition to statistics and historical data it also includes a discussion of several programs that will bring us closer to our goal of providing economic inclusion. We look at these in more detail below.

#### THE FISCA CONSUMER EMPOWERMENT PROGRAM – THREE BUILDING BLOCKS FOR FINANCIAL GROWTH

The FDIC Initiative and the subsequent activities that support it are so critical because they give us the opportunity to share the fantastic story our industry has to tell; our 70 year history of service to low-to moderate income consumers, their ongoing loyalty and high satisfaction with us – while demonstrating that we truly care about their financial well being. The relationships we build are not with depository accounts, but with real people. Our customers are not strangers to us. We are fixtures in their communities and they are our friends and neighbors. The comprehensive menu of financial services we provide helps them connect financially around the globe. In recent years, FISCA and its members have made great strides in improving and expanding the array of services that customers can access at their neighborhood Financial Service Center. We recognize that in order to continue to satisfy the financial needs of the millions of Americans who rely upon our members' stores, we need to offer them an array of services that meet their needs today, as well as in the future.

**OUR GOAL IS TO HAVE LOCAL FISCA  
REPRESENTATIVES ATTEND, AND/OR  
SPEAK AT AS MANY OF THESE EVENTS  
AS POSSIBLE TO SPREAD OUR INDUSTRY'S  
"INCLUSION" MESSAGE...**

Such a philosophy delivers us two important benefits. First, it helps set us apart from the competition. Customers using FISCA-member stores can access exclusive products and services to help them better manage their money, not just for today but for the long term as well. And, just as important, providing such services helps us address misinformed ideas raised by regulators and lawmakers. To those who understand the products and services we offer, the regulations we abide by, and the superlative customer satisfaction ratings we routinely achieve, there is recognition, even an appreciation, of the important role we play in local economies. That is why we have been tireless in our development of three new products and services: the NetSpend National Savings Program, PRBC (Payment Reporting Builds Credit) Credit Building Alliance, and Financial Education. Together, these initiatives comprise FISCA's Consumer Empowerment Program.

- **NetSpend National Savings Program:** The oldest of our three core

*continued on page 41*



## CHECKS CLEARED FAST!

### BANK DISCONTINUANCE SOLVED!

**National Check & Currency (NCC) will help you:**

- Solve Bank Discontinuance With Immediate MSB-Friendly Banking Solutions
- Active Check Clearing Accounts Open Within 24 Hours
- Reduce Bank Processing Fees And Excessive Collateralization
- Deposit Checks From Single Or Multiple Locations 24/7
- Avoid Limitations On Amounts And/Or Types Of Checks

CALL US AT  
**1-877-SOS-CHEX**  
( 8 7 7 - 7 6 7 - 2 4 3 9 )

DEMO AVAILABLE AT  
**www.natcnc.com**



**NCC NATIONAL**  
CHECK & CURRENCY  
[www.nationalcheckandcurrency.com](http://www.nationalcheckandcurrency.com)

**CLEARED FUNDS  
IN 24 HOURS OR LESS**

components was launched by FISCA and NetSpend in 2005 and has grown substantially each year. Currently, nearly 6,500 FISCA member locations offer the National Savings Program. Approximately 125,000 customers have opened these no-fee, FDIC-insured, interest-bearing virtual bank accounts through their NetSpend prepaid debit cards. They have deposited more than \$53 million into these savings accounts, allowing them to save and manage their money without ever setting foot in a bank –

a choice that suits their financial needs and preferences.

- **PRBC:** As first announced at last fall's Annual Conference, through the FISCA-PRBC Credit File Building Program, FISCA members will be able to help their customers build a credit file via the reporting of their regular bill payments; activity not collected by traditional credit bureaus. These include utilities, rent and other routine payments. FISCA and PRBC are currently actively recruiting member companies to participate in this groundbreaking initiative. Initial efforts are focusing on members in California, Florida, Illinois, New York, and Texas. We are confident this groundbreaking program will deliver crucial benefits to both participating companies (in the form of stronger customer loyalty) and customers (whose cash based activities will make them eligible for mainstream credit opportunities and rates for the first time ever!)

- **Financial Education:** Too many financial education programs currently available start with the flawed premise that consumers must have a bank account at a traditional financial institution in order to properly manage their money. As a result, many programs either fail to "get off the ground" with their intended audiences, or the program participants don't stick with it because it is not relevant to the financial model and systems that work best for them. Recognizing the shortcomings of such curriculums, FISCA currently is developing an "audience appropriate" financial education program that better reflects the demonstrated needs, preferences and behaviors of low- to moderate-income (LMI) consumers that utilize Financial Service Centers. A prototype of the curriculum has been created, and this initiative will be rolled out in the next year.

Savings, credit and education; the foundation from which we seek to improve the financial lives of our customers – for now and years to come. The ultimate goal of this essential program is to equip consumers

with relevant resources and tools they can use to understand and properly manage their finances, accumulate wealth and build assets.

The Consumer Empowerment Program paired with the industry statistics presented to the FDIC (and discussed elsewhere in this issue); create a potent cornerstone to FISCA's perception and advocacy efforts in 2008 and for years to come.

In conclusion, we know that our customers perceive us in very positive ways. This is evidenced by the fact that they continue to come to us and the satisfaction they experience in doing so as evidenced by scientific, national customer surveys.

We know that in order to maintain their high level of satisfaction and loyalty and to compete in the marketplace we need to care about our customer's financial needs. And we do. In fact this goal is the lynchpin in our Consumer Empowerment Program.

The perception challenge that we face with certain politicians, academics, consumer groups and others is much more sticky and steep. Here we must continue to use every possible means to make our case by using the facts - because the facts

favor us. Realistically this can take resources even beyond our present capacity. We need to rely on our collective efforts to make our case.

The FDIC initiative outlined here is but a small step albeit an important one. The perception task before us is daunting – to change perceptions built on years of bias, resulting from misinformation. Daunting as it may be, we must succeed. ■

*Gerald Goldman has served as General Counsel for the Financial Service Centers of America, Inc. from 1987 to the present. He is a partner with Winne, Banta, Hetherington & Basrallian, P.C. in Hackensack, NJ. He is one of today's foremost authorities on the financial service center industry, including the issue of bank discontinuance. In 1993, he was appointed by the Financial Crimes Enforcement Network (FinCEN), an agency of the US Treasury, to serve as a member of the Bank Secrecy Act Advisory Committee for eight years. He has testified on behalf of FISCA before various House and Senate Committees. Goldman has participated in numerous industry panels and discussions and has written extensively on the financial service center industry over the past several years.*

## SERVING THE CHECK CASHING INDUSTRY

Are you **LOOKING** for an  
**alternative** to your  
**insurance needs?**  
**Now** you have one...

**Competitive Pricing**

**Broad Insuring Terms & Conditions**

**Ask About Our "One Package" Policy**

**Comprehensive Account Management**

## Willis

Willis IIB, Inc.

10 Woodbridge Center Dr., Ste. 601  
Woodbridge, NJ 07095

Tel: 732.855.3155

Fax: 732.855.3158

[www.willis.com](http://www.willis.com)

**Antonio Palmiotto, CEO,**

*Fine Art, Jewelry & Specie USA*

[antonio.palmiotto@willis.com](mailto:antonio.palmiotto@willis.com)